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TAGS: [PREL](#) [PGOV](#) [MARR](#) [NATO](#) [EUN](#) [GM](#) [RS](#)
SUBJECT: GERMANY: OCTOBER 2 CONSULTATIONS WITH RUSSIA
SIGNAL RETURN TO BUSINESS ALMOST AS USUAL

REF: MOSCOW 02993

Classified By: DCM JOHN KOENIG FOR REASONS: 1.4 (B) AND (D).

11. (C) SUMMARY: During the October 2 German-Russian consultations in St. Petersburg, Chancellor Merkel and Foreign Minister Steinmeier engaged in "friendly" and "non-confrontational" discussions, according to Chancellery and MFA contacts. While stressing that the consultations were limited in size and length in accordance with the agreed "no business as usual policy," contacts emphasized that Merkel and Steinmeier supported deepening cooperation and engagement with Russia. The discussions focused on Georgia, including the upcoming October 15 meeting in Geneva, and Merkel emphasized the need for EU observers to have access to South Ossetia and Abkhazia. According to a very close advisor to Merkel (strictly protect), the Chancellery delegation warned Russia that its proposed new European security architecture was a transparent effort to divide Germany from the U.S., which would not succeed. Merkel stated publicly after the consultations that the time for admitting Ukraine and Georgia to MAP would not be "ripe" in December, while Steinmeier focused his private talks with Lavrov on improving Russia-Ukraine relations. Finally, Merkel and Medvedev appeared in agreement that the economic system needs "better rules." In the energy arena, E.ON Ruhrgas and Gazprom signed a contract that had been in negotiation for four years; Gazprom was seen as "making a gesture" to Germany to demonstrate the continuing strong energy relations between Russia and Germany. END SUMMARY

CLOSE TO NORMALCY, ESPECIALLY BILATERALLY AND IN THE EU

12. (S//NF) DCM discussed the consultations in a private conversation with Government spokesman Ulrich Wilhelm (strictly protect throughout), who was the only other German participant in the Merkel-Medvedev meeting. Poloffs attended an October 6 briefing to diplomatic representatives on the German-Russian government consultations given by Chancellery Head of CIS Division Juergen Schulz, and then received a separate read-out from MFA Russia and Ukraine Office Head Ernst Reichel on October 8. Econoff spoke on October 6 to the Ministry of Economics's senior energy representative (Harmut Schneider), who participated in the consultations.

13. (C) Schulz indicated that, overall, the consultations were more business-like and more positive than the Sochi talks on August 17. Reichel and Schneider confirmed that the Russians wanted to demonstrate their willingness to cooperate. Reichel pointed out that Lavrov was irritated by the cancellation of the high-level working group on security, which the Germans had removed from the agenda as a demonstration of "no business as usual." Steinmeier and

Lavrov focused on many economic topics, including Steinmeier's proposal from May on a "modernization partnership," according to Reichel. Schneider confirmed the signing of the contract between E.ON and Gazprom which gives E.ON a 25-percent share in the Yuzhno-Russkoye gas fields. The deal, which had been four years in the making and which had stalled over Gazprom demands for a larger stake in the German gas market, was seen as a "gesture" by Gazprom (and the Russians) to solidify economic ties with Germany post-Georgia crisis. (NOTE: the German/Russian economic partnership was feared to have suffered some damage as a result of the Georgian crisis.) Russian interest during the consultations in pursuing German assistance in social and economic spheres (i.e., health care, energy efficiency, and rule of law) signaled Russia's desire to return to business as normal, a development Reichel indicated the MFA welcomed.

13. (S//NF) Merkel reportedly delivered some tough messages in private despite the businesslike atmosphere. According to Wilhelm, Merkel informed Medvedev that she could not accept Putin's characterization of the collapse of the Soviet Union as the greatest geopolitical catastrophe of the 20th century. Wilhelm informed the DCM that Medvedev responded with his view that the 1917 October Revolution had been the greatest catastrophe. Overall, Reichel believed the Russians viewed the consultations positively, as Merkel signaled her willingness to cooperate in several areas. Schulz said the Chancellery viewed the gas exploration deal between E.ON and Gazprom as a concrete result, and Reichel was pleased to share that Lavrov had delivered the official permission for

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Germany to open a cultural institute in Novosibirsk, something the MFA had all but given up on.

14. (C) Lavrov began the discussion with Steinmeier by stating the Russian desire for a normalization of relations based on the August 12 and September 8 agreements hammered out by Medvedev and Sarkozy, and expressed his appreciation that the EU was acting as the "guarantor of security" in the region. Lavrov also argued that by the time of the October 15 meeting in Geneva, he expected Russia to have met all the commitments and therefore looked forward to the resumption of Partnership and Cooperation Agreement negotiations with the EU. According to Reichel, Merkel shared this opinion as did Steinmeier. Moreover, Germany expects the EU-Russia Summit on November 14 in Nice to go forward as planned.

15. (C) According to Reichel, Lavrov was like a "sulking child" when the conversation shifted to NATO, and had stated that "business as usual" between Russia and the Alliance was impossible. Lavrov argued that NATO only offered an "outdated illusion of partnership" because the NATO-Russia Council was conducted in a 26-versus-1 format, rather than a meeting of equals. Lavrov informed Steinmeier that Russia wants a new basis for NATO-Russia relations. Reichel expected Steinmeier and Lavrov to discuss NATO-Russia relations on October 10-11 during Lavrov's visit to Dortmund for a soccer match between the German and Russian national teams.

GEORGIA AND FUTURE CONFERENCES

16. (S//NF) According to Wilhelm, who was the one additional German official in the Merkel-Medvedev talks (along with Prikhodko on the Russian side), Merkel stressed Germany's serious concerns regarding Russian behavior in Georgia, especially the recognition of South Ossetia and Abkhazia. She also reiterated the need for EU monitors to have access to the two regions. Overall, Wilhelm viewed Medvedev as following Putin's lead, especially on Georgia, and saw "no daylight" between Putin and Medvedev.

17. (C) Lavrov and Steinmeier focused on preparations for the October 15 Geneva conference, and the German summary largely

coincides with reftel. However, Reichel identified a divergence in the Russia and German approaches: Russia views the discussions as a short-term process likely ending this year and focusing on security rather than status, but Steinmeier views the discussions as part of a longer process that will eventually shift from short-term security issues to the longer-term status question. Both agreed that an investigation in the causes of the conflict was a good idea in principle, but Lavrov "ranted" that such an investigation would be as biased as the media, the UN, and the OSCE have been in their "attempts to bury true reports." Reichel informed POLOFFs that the EU is considering commissioning an investigation, drawing on eminent persons who are not bound by national positions.

RUSSIAN PROPOSAL FOR A NEW SECURITY ARCHITECTURE

18. (S//NF) Wilhelm, who formally serves as the Chancellor's spokesman, met with his Kremlin counterpart and said he warned Russia that the Germans saw the Russian proposal for a new European security architecture as a transparent effort to divide Germany from the U.S. Moreover, he said such an effort would fail. Wilhelm quoted former CSU leader Franz Josef Strauss to the effect that the U.S. was also a European country and thus could not be excluded from questions affecting European security.

19. (C) Reichel confirmed that the Russians had given the MFA a one-page summary of the proposal at an earlier point. He said the Russian proposal envisions a new treaty with several principles such as the non-use of force and the promise for "each country to avoid seeking security at the expense of others." Reichel said the proposal hinted that this structure would be an overlay to existing security organizations in Europe in an attempt to bind them together. Steinmeier and Lavrov agreed to hold expert consultations, which Reichel expected to occur before the end of the year. COMMENT: It is somewhat surprising that MFA expects to move forward so quickly on consultations about the Russian proposal. It is not clear that the Chancellery is on board with this. DCM will raise this question on October 10 with

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senior Merkel foreign affairs advisor Rolf Nikel. END
COMMENT.

MAP OUT OF REACH

10. (S//NF) DCM raised Merkel's public statement regarding MAP, for which St. Petersburg was an especially unfortunate venue, and Wilhelm countered that the statement was a reiteration of German policy, which holds MAP as unlikely for Ukraine or Georgia in the near term. Steinmeier did not raise MAP in his discussions, and focused on broader Russia-Ukraine relations, according to Reichel.

11. (C) Steinmeier "pleaded" that Russia reassure Ukraine that it respects Ukraine's territorial integrity, noting that this would calm relations and reassure other neighbors. According to Reichel, Lavrov responded that he does not understand the problem: Russia always has respected Ukraine's territorial integrity and finds Ukraine to be the unfriendly actor. Lavrov related an anecdote in which Yushchenko publicly called Russia an aggressor the very same day he had had an amicable phone call with Medvedev. Moreover, Russia was very concerned by Ukraine's efforts to call the 1932-1933 Great Famine genocide. While Steinmeier did not respond to either point, he met with Ukrainian Foreign Minister Ohryzko on October 6 in Berlin, where they discussed Ukrainian domestic politics and the famine, according to Reichel. Germany believes calling the famine genocide would diminish the significance of the Holocaust, but supports recognizing the famine as a tragedy that should never be repeated.

FINANCIAL CRISIS

¶12. (U) The financial crisis was not a focus in the Steinmeier-Lavrov talks, but played an important role in the Merkel-Medvedev press availability. Medvedev stated that the system of international financial security was "inadequate" and criticized "erroneous" decisions of the USG, for which "we all have to pay now." He also complained that the G-8 was not engaged on the international response to the financial crisis, which meant that Russia was excluded. He said the crisis, "which began in the U.S.," could have been attenuated by faster international action, and Merkel agreed.

Medvedev complained that Russia was excluded from international discussions of the financial crisis because G-8 finance officials were not meeting. Merkel declined to be pinned down on the question of whether the G-8 should be engaged. Both agreed that the market economy required "better rules."

TIMKEN JR